



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: State payments to nursing homes
Da: Tuesday, Dec. 2, 2003

Sen. Chuck Grassley, chairman of the Committee on Finance, made the following comment on a new report from the General Accounting Office, "Medicaid Nursing Home Payments: States' Payment Rates Largely Unaffected by Fiscal Pressure, GAO-03-10665. The report is posted at www.gao.gov.

"Two out of three nursing home residents receive at least part of their care from Medicaid funding, and \$43 billion from Medicaid went to nursing home care last year. States have experienced three years of fiscal pressure. This report looks to answer the question of whether states' efforts to reduce Medicaid spending is hurting nursing home funding. The answer is no, and that's good news for nursing home residents.

"This report reveals that states are making conscious decisions to consider the cost of each nursing home when setting Medicaid rates. The vast majority of states that the GAO reviewed are trying to set rates that promote efficient operations while at the same time working to concentrate funding toward the direct care of residents."